

The Demand for Labor in Utah:

# There's a Little UTOPIA in All of Us

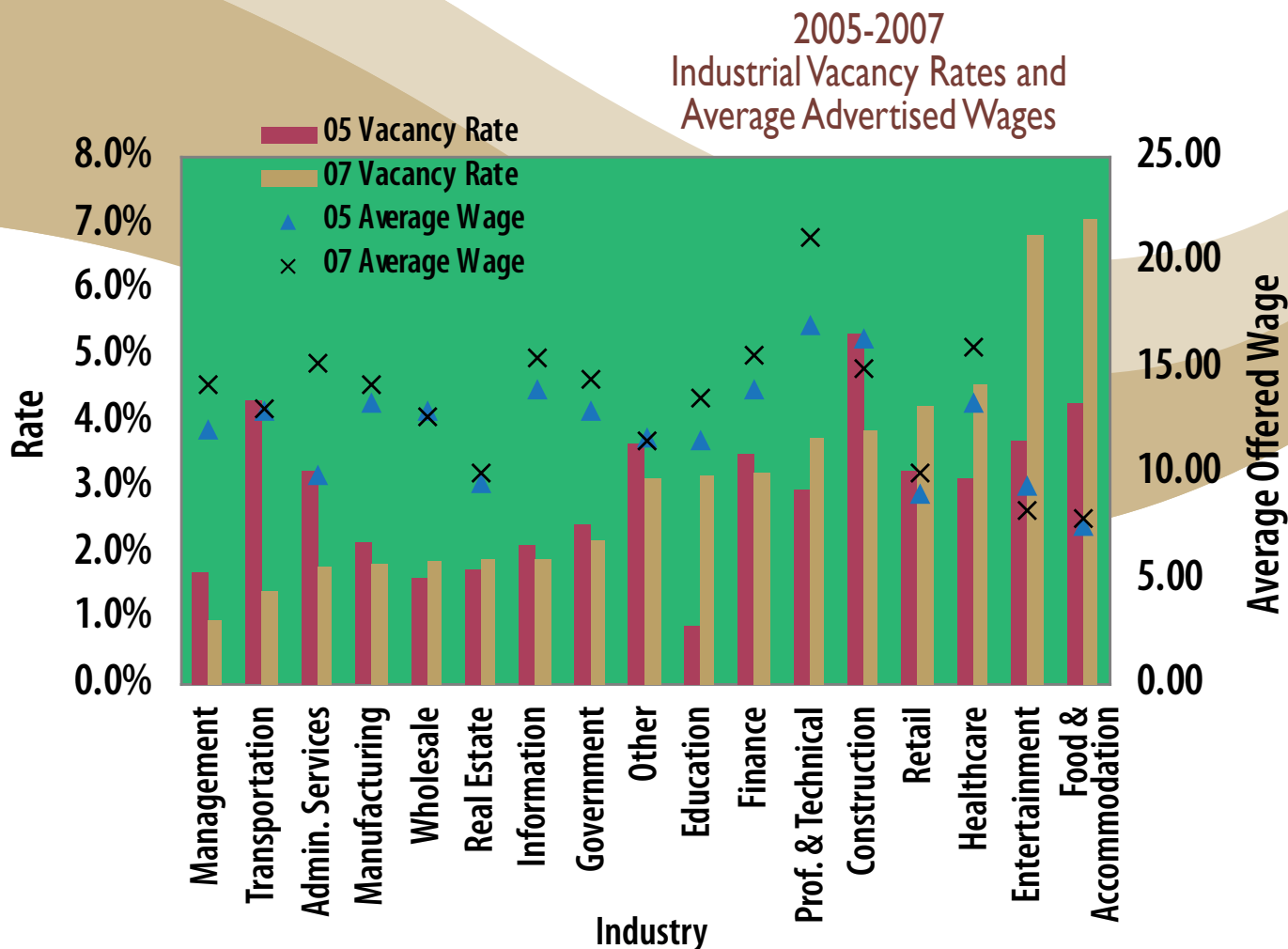


Equilibrium is nice. For me, equilibrium means a plate of nachos, a cold beer, a football game on T.V. and a pair of bear claw slippers warming my feet. For a labor market, however, equilibrium is where the supply and demand for workers balance. In such a state, employers are getting the help that they are willing to pay for and employees are receiving the wage for which they are willing to work. Perhaps in a utopia, labor markets would always be at optimal equilibrium, with firms having all of the labor they need and laborers having the jobs they want. Unfortunately, we don't live in a utopia. As such, we need to gather data and conduct studies to help us analyze the current state of the supply and demand for labor.

The fourth quarter of 2007 Job Vacancy Study (JVS), conducted by the Department of Workforce Services, was designed to measure the demand for labor in Utah. According to JVS, the job vacancy rate for the Wasatch Front and surrounding areas was 3.3 during the fourth quarter of 2007, meaning that there were about 3.3 job openings for every 100 jobs in the region during that time. The last time the vacancy statistic was measured—during the fourth quarter of 2005—the Wasatch Front posted a vacancy rate of 2.9. With strong job growth, a low unemployment rate and the promising employment outlook that faced Utah workers over the past couple of years, it's no surprise that the vacancy rate for the region has increased. The latest economic forecasts have not been quite as rosy, though, and the composition of vacancies during the fourth quarter of 2007 may be somewhat reflective of those less-than-stellar projections.

As was the case in 2005, the majority of job openings captured by the 2007 JVS were low-skill, high-turnover occupations typically found in the food and retail sales industries. In fact, about 71 percent of the fourth quarter metro openings required no

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*\*Estimates for openings in the education industry were subject to more variability than in other industries, primarily due to methodological challenges associated with quantifying those openings.  
Source: Fourth Quarter 2007 Job Vacancy Study, Department of Workforce Services, 2008*

post-secondary education and 43 percent required no work experience of the applicant. But industrially, metro Utah's vacancy trend is quite different now than it was in 2005. In 2005, fifteen of eighteen publishable industries witnessed an increase in job vacancy rates from the year before. In 2007, only eight of seventeen publishable industries had increases in job vacancy rates from 2005, and all but one of those industries offered an average

wage higher than the regional vacancy average of \$13.10. Further, the education requirements for the job openings in those industries remained generally consistent with the requirements employers were asking for in 2005, meaning that the decline in industrial vacancy rates cannot be solely attributed to a loss of low-skill openings.

On an occupational level, there were plenty of openings for high-skill and

well-paying jobs during the survey period. Among them were pharmacists, computer software engineers, engineering managers and loan officers, all of which had above average vacancy rates and offered more than \$25 an hour on average. So in that regard, the 2007 JVS gives reason for optimism. That's not to say that we live in a utopia. If we did, I might be in my bear claw slippers right now. 🐻